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RECOMMENDATION SHEET

DATE: August 13, 2015

TO: Catherine Payne, Chairperson

FROM: Tom Hutton, Executive Director

AGENDA ITEM: Action on Mālama Honua Public Charter School's June, 2015 Monthly Report for Commission's Financial Monitoring

I. DESCRIPTION

Review of the financial reports of Mālama Honua Public Charter School (Mālama Honua) for the month ended June 30, 2015, and recommendation to reduce the frequency of financial monitoring to a quarterly basis through fiscal year 2015-16.

II. BACKGROUND

The Commission has required Mālama Honua, during its first year of operations, to submit information monthly regarding the status of the school's finances, grants, fundraising and reserve until such time the Commission deems such additional financial monitoring no longer necessary.

III. DECISION MAKING STATEMENT

Commission staff has reviewed the most recent monthly financial reports submitted by the school. The financial statements will be made available to the Commissioners for their further review, if desired. Highlights of the information include:

1. Year to Date Operating Income of \$20,556.15

The operating revenues for the month of June of \$43,265 are comprised primarily of \$35,000 in private grant funds and \$8,030 in federal grant funds.

Expenses for the month of June totaled \$48,379. This amount is slightly higher than the average monthly expense of \$40,837 due to expenses incurred to help the school prepare for the upcoming school year.

2. Status of private grants receivable.

Due to the school's low enrollment, Mālama Honua's budget relied heavily on grant awards. As presented in prior months' reports, the school received grants from Kamehameha Schools, the Office of Hawaiian Affairs (OHA), and the U.S. Department of Education (ED) during this fiscal year to help finance the school's operations.

Mālama Honua has received all grant receipts expected for this school year.

3. Cash balance as of May 31, 2015: \$37,766.

The school's cash balance of \$37,766 represents approximately 27 days cash on hand. Based on the current year's expense run rate, the funds are expected to last through the second pay day of July. The first per pupil funding allocation for the fiscal year 2015-16, representing 60% of the annual per pupil funding, was made on July 20, 2015 to all charter schools.

Under the Charter Contract granted to Mālama Honua by the Commission, a minimum reserve of unrestricted funds of approximately 5% - 10% of the school's Year One expenses was required to be accumulated by the end of its first school year. This requirement has been met, as the school's cash balance represents approximately 7.5% of the school's annual expenses.

IV. RECOMMENDATION

"Moved that the Commission reduce the frequency of financial monitoring of Mālama Honua from a monthly to a quarterly basis until such time the Commission deems such additional financial monitoring no longer necessary."